MULTIMEDIA UNIVERSITY®

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID: 2210)

BEL4614 – ELECTRONIC COMMERCE

(All sections/Groups)

16 FEBRUARY 2023
9:00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 8 pages with 2 sections.
2. Attempt **ALL** questions in Section A and B. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

SECTION A: Case Study 1 (45 Marks)

New Survey Shows COVID-19's Impact on E-Business in Poorer Nations

Even though COVID-19 has pushed more consumers in in predominantly least developed countries (LDCs) to buy online, many e-business businesses in these nations have seen a slump in sales, according to an UNCTAD study published on 17 November 2020.

The study highlights the range of challenges e-business businesses have faced during the pandemic in LDCs, notably disrupted supply chains, logistical problems arising from restrictions on the movement of people, and high broadband costs.

While 58% of businesses selling their own products or services online have recorded a drop in monthly revenue, about 64% of third-party marketplaces have seen a spike in sales, according to data collected between March and July 2020 from over 250 companies, most of which have less than 10 employees. Despite new, coronavirus-induced opportunities for digital business models, the outlook looks challenging for many of the e-business businesses surveyed. Two-thirds reported rising operational costs since the outbreak, and 44% expect to cut their workforce.

The study reports a notable increase in digital financial services in LDCs as consumers tried to limit exposure to the virus while paying for food, medicine, health and hygiene products and other goods. Some 64% of the e-business businesses that took part in the study reported an uptake in payments primarily through mobile money, followed by online and mobile banking, credit cards and other digital payment platforms. Yet cash-on-delivery remains by far the preferred form of payment for e-business transactions in LDCs, the survey confirms.

In LDCs, only 19% of the population use the Internet compared to 87% in developed countries and only 40% have access to a high-speed mobile broadband network. The

Continued ...

existing divides in terms of digital readiness underline the need to accelerate policy reforms and mobilize support to build the capacity of developing countries to leverage e-business in their COVID-19 recovery plans.

Close to half of the survey participants claimed that governments had not prioritized the e-business sector sufficiently in their COVID-19 response efforts and recovery plans.
The pandemic has further exposed gaps in policy areas central to improving digital readiness in developing countries, such as weak e-business regulatory frameworks and bottlenecks in financing digital entrepreneurs and start-ups.
The pandemic has further exposed gaps in policy areas central to improving digital readiness in developing countries, such as weak e-business regulatory frameworks and bottlenecks in financing digital entrepreneurs and start-ups.

The surveyed businesses did acknowledge that some measures taken by the public and private sectors have helped lower hurdles for businesses and consumers to use e-business services. However, increased public awareness campaigns on the benefits of e-business, digital skill training opportunities and reduced e-payment transaction costs is crucial in enhancing e-business activities in LDCs.

Adapted from: United Nation Conference on Trade and Development. (2020). *New Survey Shows COVID-19's Impact on E-Commerce in Poorer Nations*. Retrieved from: https://unctad.org/news/new-survey-shows-covid-19s-impact-e-commerce-poorer-nations

Based on this case study, answer the following questions.

1. Elaborate **FIVE (5)** key challenges of e-business in predominantly least developed countries (LDCs). (10 marks)

2. Describe **FIVE (5)** current initiatives to support e-business in LDCs. (5 marks)

3. Recommend **FIVE (5)** ways to enhance e-business in LDCs. (5 marks)

(Total: 20 marks)

Continued ...

Case Study 2: Innovation at Google

Context

In addition to being the largest search engine on Earth, mediating the searches of tens of billions of searches daily, Google is a great example of continuous innovation in its digital services. All involved in managing digital business should follow Google to see the latest approaches its trialling.

Google's mission

Google's mission is encapsulated in the statement 'to organize the world's information. and make it universally accessible and useful.' Google explains that it believes that the most effective, and ultimately the most profitable; way to accomplish its mission is to put the needs of its users first. Offering a high-quality user experience has led to strong word-of-mouth promotion and strong traffic growth. Notable tenets of the Google philosophy are:

- Focus on the user and all else will follow.
- It's best to do one thing really, really well.
- You can make money without doing evil.

Further details on the culture and ethics of Google are available at www.google.com/intl/en/corporate/ten-things.html. Putting users first is reflected in three key commitments in the Google SEC filing:

We will do our best to provide the most relevant and useful search results possible, independent of financial incentives. Our search results will be objective and we will not accept payment for inclusion or ranking in them.

We will do our best to provide the most relevant and useful advertising. Advertisements should not be an annoying interruption. If any element on a search result page is influenced by payment to us, we will make it clear to our users.

Continued ...

We will never stop working to improve our user experience, our search technology and other important areas of information organization. In the investor relations SEC filing, the company explains 'How we provide value to our users': We serve our users by developing products that quickly and easily find, create, organize, and share information. We place a premium on products that matter to many people and have the potential to improve their lives. Some of the key benefits which are explained are: Comprehensiveness and relevance; Objectivity; Global access; Ease of use; Pertinent, useful commercial information; Multiple access platforms; and Improving the web.

The range of established Google services is well known and is listed at http://www.google.com/options/Google's commitment to innovation is indicated by these more recent services:

- Google TV (announced 2010) as part of a partnership agreement with Sony
- Nexus One Phone using the Google Android mobile operating system launched in January 2010 (www.google.com/phone)
- Google Mobile advertising (although Google has offered text ads for some time, the 2009 acquisition of AdMob enables improvements in sophistication of this approach)
- Google Chrome OS (a lightweight operating system announced in 2009 and targeted initially at Netbooks) and then Google's own Chromebook notebook in 2009.
- Google Chrome (a browser announced as a beta in 2008 and a full product for Windows in 2009)
- Google Glass. A current project to develop wearable technology. For 2009, Google spent around 12% of its revenue in research and development, an increase from less than 10% in 2005, a larger amount than sales and marketing (8.4%). Google revenue models

Google AdWords, the auction based advertising programme that enables advertisers, is the main source of revenue. Advertisers pay on a 'pay-per-click' cost basis within the search engines and within other services such as Gmail, but with cost-per-thousand payment options available on Google Networks members' websites. Google has introduced classified-style ad programmes for other media, including:

- Google Audio Ads (ads are placed in radio programmes)
- Google Print Ads

Continued ...

- Google TV Ads
- Google Promoted Video Ads within YouTube, user-initiated click-to-play video ads.

So, Google's revenues are critically dependent on how many searches it achieves in different countries on desktop and mobile devices and the proportion of searchers who interact with Google's ads. Research by comScore (2008) suggests around 25% of searches result in an ad click where sponsored search results are included (around 50% of searches). Of course Google is also looking to increase the number of advertisers and invests heavily in this through trade communications to marketers. Increased competition to advertise against a search term will result in increased bid amounts and so increased revenue for Google. In 2013, according to Google's investors' relation site around a third of Google's revenue was from the Google Display Network of content partners, including those who subscribe to the Google Adsense programme. It updated its ad targeting to use an approach called 'Enhanced campaigns' where revenue from mobile devices was improved.

Risk factors

Some of the main risk factors that Google declares include:

1. New technology could block Google ads. Ad-blocking technology could, in the future, adversely affect Google's results, although there has not been widespread adoption of these approaches.

2. Litigation and confidence loss through click fraud. Click fraud can be a problem when competitors click on a link, but this is typically small-scale. A larger problem for is structured click fraud where site owners on the Google content network seeks to make additional advertising feeds.

3. Index spammers could harm the integrity of Google's web search results. This could damage Google's reputation and cause its users to be dissatisfied with products and services.

Continued ...

Google says:

There is an ongoing and increasing effort by 'index spammers' to develop ways to manipulate our web search results. For example, because our web search technology ranks a web page's relevance based in part on the importance of the web sites that link to it, people have attempted to link a group of web sites together to manipulate web search results.

Adapted from:Digital Business and ecommerce Management Strategy, Implementation and Practice, Dave Chaffey (2015).

Based on this case study above, answer the following questions.

1. Explain how Google generates revenue and exploits innovation in digital technology to identify future revenue growth. You should also consider the risk factors for future revenue generation. (10 marks)

2. Based on the above case study, how does AdWords benefit an e-commerce business? (15 marks)

(Total: 25 marks)

Continued ...

SECTION B: Structured Questions (55 Marks)

QUESTION 1

TT Timber and Jati Ptd Ltd as their new E-commerce Manager recently appointed Mr. Raymond. As a first step, he wants to build the company a website. What elements must he consider in order to fulfil the demands of website visitors? (8 marks)

QUESTION 2

(a) Explain the **SIX (6)** scopes and **FOUR (4)** benefits of social media and social commerce to an organisation of your choice. (14 marks)

(b) Describe some alternative revenue models for the website of a magazine publisher (4 marks)

(Total:18 marks)

QUESTION 3

Radio-frequency identification (RFID) technology is just starting to make inroads into healthcare. RFID uses radio-frequency tags attached to people or objects to provide identification, tracking, security, and other functions that fall under the general heading of automatic identification and data capture (AIDC). Discuss **FIVE (5)** ways RFID technology is being used in healthcare. (10 marks)

QUESTION 4

Brick N Deck, Inc. is an online marketplace for aftermarket parts. They have over 90,000 items from a variety of different vendors and suppliers for sale on their website. These parts have multiple manufacturer part numbers that can point to the same part, and each part can fit multiple makes/models for a variety of manufacturers. They had to solve the challenge of creating an easy-to-use customer search experience and came up with a results-oriented visual search to help their customers find the right items for their equipment. This has increased their conversion rate and led to a higher number of online orders.

(a) Describe what type of e-commerce category used by Brick N Deck, Inc. (2 marks)

(b) What are the **TWO (2)** benefits of conducting online marketplace that help them to improve their business operation? (4 marks)

Continued ...

(c) Trust has been one of the main international commerce issues for company that use web to conduct business. In light of the company's global commercial operations, discuss the issue of website trust and offer recommendations to Brick N Deck, Inc.
(5 marks)

(Total: 11 marks)

QUESTION 5

(a) In your opinion, name three risks for a company that introduces sell-side e-commerce (3 marks)

(b) Explain the concepts of disintermediation and reintermediation with reference to a particular industry; what are the implications for a company operating in this industry? (5 marks)

(Total: 8 marks)

End of Paper